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Rep. Kremer on Passage of Bill to Prohibit Abortion Providers from Overbilling Medicaid

Madison, WI – Today the Wisconsin State Assembly passed SB 238, a bill to require certain family planning entities to charge the actual cost of a prescription drug when billing the Medical Assistance (MA) program for reimbursement.

The Federal 340B Drug Discount Program was created in 1992 and requires drug manufacturers to provide outpatient drugs to eligible healthcare organizations at discounted prices. Medicaid guidance restricts reimbursement to actual drug costs plus a reasonable dispensing fee.

A 2014 audit report from the DHS Office of the Inspector General revealed gross overbilling of state taxpayers by two clinics from 2010 - 2011. For example, one hospital pharmacy billed the state Medicaid program \$15.00 for 84 tablets of Ortho-Cyclen. On the same date, a 340B “family planning clinic” billed taxpayers \$95.00 for the same drug.

Planned Parenthood of Wisconsin was so brash in their acknowledgement of this scam that a 2014 Journal Sentinel story reported “Planned Parenthood estimates it would lose \$4.5 million in revenue if the programs changed the way they pay for contraceptives and other prescriptions without an offsetting increase in the reimbursement rates for clinical services.”

The Senate passed SB 238 on January 20, 2016. Rep. Kremer issued the following statement following Assembly passage of the bill this afternoon.

“I am proud to slash fraud in the Medicaid program by supporting AB311/SB238 as a bill co-sponsor, as a Health Committee member and today on the floor of the Assembly. An audit of some family planning organizations, including Planned Parenthood, found that state taxpayers were being taken to the bank through the gross overbilling of Medical Assistance (MA) prescription drugs. This bill will ensure that profiting off of state taxpayers for MA drugs by any abortion provider will no longer be tolerated.”

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